

EXHIBIT D

Terwin Warehouse Management LLC

45 Rockefeller Plaza, Suite 420

New York, New York 10111

Telephone: 212-218-5800 Facsimile: 212-218-5875

June 1, 2007

Norling, Kolsrud, Sifferman & Davis, P.L.C.

16427 North Scottsdale Road, Suite 210

Scottsdale, AZ 85254

Tel: 480-505-0015

Fax: 480-505-0025

Attn: Mark S. Sifferman

Spectrum Financial Group

7047 E. Greenway Parkway, Suite 400

Scottsdale, AZ 85254

Attn: Jerry E. Craig

Re: Required Sale Event- Loss Demand

Ladies and Gentlemen:

Reference is made to (i) the Seller's Purchase, Warranties and Servicing Agreement, as amended, dated as of June 17, 2005 (the "Purchase Agreement"), among, Terwin Warehouse Management LLC, as Program Administrator (the "Program Administrator"), Terwin Mortgage Warehouse Trust II, Series XVI, a series of Terwin Mortgage Warehouse Trust II, a Delaware statutory trust, as Purchaser (the "Purchaser") and Spectrum Financial Group, Inc., as Servicer (the "Seller"), (ii) the Guaranty dated as of June 17, 2005 by and between Seller and Servicer (the "Seller"), (iii) the Senior Guaranty dated as of June 17, 2005 by and between Jerry Craig, Sr. ("Senior Guaranty"), and (iv) the Junior Guaranty dated as of June 17, 2005 by and between Jerry Craig, Jr. ("Junior Guaranty"). All capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement, the Senior Guaranty or the Junior Guaranty.

We refer to our previous correspondence to Seller concerning mortgage loans identified schedule ("Mortgage Loans") for which a Required Sale Event occurred and for which the Seller failed to repurchase the Mortgage Loans at the required Repurchase Price. Therefore, pursuant to Section 12.04 of the Purchase Agreement, Program Administrator instructed Purchaser to assign or otherwise dispose of and deliver the Mortgage Loans, or any part thereof, at such public or private sale or sales, at such price or prices and upon such other terms and conditions as Program Administrator may deem best.

Please be advised that as permitted per the Purchase Agreement, the Program Administrator sold the Mortgage Loans and Seller is now liable to the Purchaser for the difference between the Repurchase Price of the Mortgage Loans and the amounts realized on the sale of the Mortgage Loans, in the amount of \$262,699.93 ("Loss Amount"). Purchaser hereby demands Seller immediately pay the Loss Amount in immediately available funds to the accounts designated on the attached funding schedules. Further, Seller is hereby demanded to service transfer all servicing and release and deliver all Servicing Files and documents related thereto with respect to the Mortgage Loans immediately to: **Specialized Loan Servicing, LLC**,

Terwin Warehouse Management LLC

45 Rockefeller Plaza, Suite 420

New York, New York 10111

Telephone: 212-218-5800

Facsimile: 212-218-5875

8742 Lucent Blvd., Ste. 300, Highlands Ranch, CO 80129, Attn: Records Management, in accordance with the Servicing Transfer Instructions previously provided to Seller, and cease all servicing related to the Mortgage Loans.

In the event that Seller fails to (i) pay such Loss Amount, or (ii) properly transfer servicing and the Servicing Files, by close of business on June 5, 2007, Purchaser shall pursue all available legal remedies against Seller.

Purchaser expressly reserves all its rights and remedies under other provisions of the Agreement and at law or equity, including but not limited to, enforcing either or both the Senior Guaranty or the Junior Guaranty.

Sincerely,



Jeanne Haney
Legal Department

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EXHIBIT A

Cust Loan		
Loan No	Id	Last Name
303714750	'SFG-1592	SMITH
303714751	'SFG-1593	SMITH
303714752	'SFG-1601	TURNER
303727043	'100082779	THOMSON

	Proceeds	Payoff	Quote	shortfall
303714752 Turner	\$ 28,057.35	\$ 229,518.49	\$ 201,461.14	
303727043 Thomson	\$ 5,654.78	\$ 38,086.90	\$ 32,432.12	
303714750 Smith	\$ 127,738.59	\$ 152,176.02	\$ 24,437.43	
303714751 Smith	\$ 32,073.77	\$ 36,443.01	\$ 4,369.24	
			\$ 262,699.93	Total Shortfall